UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/C.5/48/18
9 November 1993

ORIGINAL: ENGLISH

Forty-eighth session
FIFTH COMMITTEE
Agenda items 123, 128 and 129

PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

UNITED NATIONS COMMON SYSTEM

UNITED NATIONS PENSION SYSTEM

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (A/48/30 and Corr.1)

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

INTRODUCTION

1. The nineteenth annual report of the International Civil Service Commission (ICSC) 1/ contains a number of decisions and recommendations that have financial implications for the biennium 1994-1995, related to the following issues (the reference paragraphs in the ICSC report are indicated in parentheses):

(a) Comprehensive review of the pensionable remuneration and consequent pensions of staff in the General Service and related categories (para. 85);

(b) Remuneration of the Professional and higher categories of staff: base/floor salary scale (para. 120);

(c) Staff assessment and the Tax Equalization Fund (para. 206);

(d) Post adjustment issues: use of data from external sources (para. 127);

(e) Remuneration of the General Service and related categories: survey of best prevailing conditions of service in Paris (para. 198).

2. There are no financial implications for either the regular budget or extrabudgetary sources of funding of the organizations members of the United Nations Joint Staff Pension Fund (UNJSPF) in respect of the other issues addressed in the annual report of the United Nations Joint Staff Pension Board (UNJSPB) to the General Assembly. 2/ The financial implications related to proposed changes in the methodology for determining the pensionable remuneration and consequent pensions of staff in the General Service and related categories are presented in the annual report of ICSC and are reviewed in section I below.

I. COMPREHENSIVE REVIEW OF THE PENSIONABLE REMUNERATION AND CONSEQUENT PENSIONS OF STAFF IN THE GENERAL SERVICE AND RELATED CATEGORIES

3. The General Assembly, by resolution 45/242, section III, of 21 December 1990, noted the intention of ICSC to undertake, in full cooperation with UNJSPB, a comprehensive review of the pensionable remuneration and consequent pensions of staff in the General Service and other locally recruited categories. By its resolution 46/192, section II, of 20 December 1991, the Assembly, inter alia, endorsed a phased approach for the completion of the comprehensive review.

4. In its nineteenth annual report, the Commission has recommended to the General Assembly that:

(a) The income replacement approach using 66.25 per cent of the net pensionable salary should be used to determine the pensionable remuneration for General Service staff. The revised procedure should be implemented on the occasion of the first adjustment of the salary scale on or after 1 April 1994, subject to the transitional measures applied on the occasion of the introduction of the 1992 staff assessment scale;

(b) Subsequent adjustments of pensionable remuneration, until the introduction of the common staff assessment scale, should be made on the basis of a 1-to-1 interim adjustment procedure;

(c) As part of the comprehensive review in 1996 of the methodology to determine the pensionable remuneration and consequent pensions of staff in the Professional and higher categories, a common staff assessment scale should be established, with two separate sets of rates (single and dependent). The common staff assessment scale should be introduced in 1997 to determine the pensionable remuneration of the two categories of staff; the Commission would recommend in 1996 the modalities for the implementation of the common staff assessment scale, including appropriate transitional measures, if needed;

(d) Following the introduction of the common staff assessment scale in 1997, the income replacement approach should be used to determine General Service pensionable remuneration on the occasion of comprehensive salary surveys, with subsequent adjustment of pensionable remuneration between comprehensive surveys made on the basis of the 1-to-1 interim adjustment procedure.

5. The use of a part of the net pensionable salary will reduce levels of pensionable remuneration: application of the 66.25 per cent factor will cause a reduction of between 1.2 and 1.9 per cent. Total member organizations' contributions to the Pension Fund for General Service staff was approximately $212 million as of 31 December 1992. On the basis of projections of this figure to the end of 1994, the use of the 66.25 per cent factor would reduce costs to member States by $3.74 million a year in the United Nations system as a whole, beginning in 1994. Cost reductions of a similar magnitude would occur in subsequent years. Also, the introduction of the 1-to-1 interim adjustment procedure will yield cost reductions of $230,000 in 1994, with cumulative effect thereafter. ICSC estimates that the introduction of the revised General Service staff assessment scale in 1997 would eventually yield cost reductions of approximately $11 million a year. The net effect of applying a common staff assessment scale in 1997 would achieve further cost reductions, as yet unspecified.

6. For the United Nations regular budget, annual cost reductions of $1.37 million will be realized, beginning in 1994, in addition to those reductions accruing as a result of the introduction of the revised General Service staff assessment scale.

II. REMUNERATION OF THE PROFESSIONAL AND HIGHER CATEGORIES OF STAFF: BASE/FLOOR SALARY SCALE

7. In section I H of its resolution 44/198 of 21 December 1989, the General Assembly approved the recommendation of ICSC to establish a floor net salary level for staff in the Professional and higher categories, by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service. This base/floor scale was part of an integrated package in which negative classes of post adjustment were eliminated: it is used also to calculate payments under the mobility and hardship scheme, as well as separation payments. 3/ The package of measures went into effect as of 1 July 1990.

8. On the occasion of the approval of the establishment of the floor net salary scale, by section I E of the same resolution, the General Assembly approved the introduction of a mobility and hardship scheme and an assignment grant.

9. The Commission reviewed the mobility and hardship scheme at its thirty-sixth session. 4/ It decided to report to the General Assembly inter alia that, pending further review in 1995, the existing parameters of the scheme should be maintained, including the linkage between the mobility and hardship allowance and the base/floor salary.

10. By resolution 47/216 of 23 December 1992, section I B, the General Assembly approved the revised scale of gross and net salaries. By section V of the same resolution, the Assembly concurred that the existing parameters of the mobility and hardship scheme be maintained.

11. As was the case in 1990, 1991 and 1992, as a result of salary increases in the comparator civil service, ICSC has recommended to the General Assembly that

the current base/floor salary scale should be increased through the consolidation of classes of post adjustment. The increase would be of 3.6 per cent and would be effective 1 March 1994. The financial implications of the recommendation for the United Nations common system as a whole were estimated by ICSC at $2,371,000 for 1994 and $2,845,000 for 1995. The costs to the United Nations regular budget are estimated to be $467,400 for 1994, and $561,000 for 1995.

12. As a consequence, there will also be an estimated increase of $4,528,100 for 1994 and $5,470,300 for 1995 under section 36, Staff assessment, to be offset by an increase in an equal amount under income section 1.

III. STAFF ASSESSMENT AND THE TAX EQUALIZATION FUND

13. The General Assembly, in section XXVI of its resolution 47/219 of 23 December 1992, urged ICSC to review the rates of staff assessment during 1993. The Commission, noting that that request had been made in the context of the United Nations Tax Equalization Fund, limited its review to the staff assessment rates used for generating revenue for the Fund. It did not consider that a revision was necessary to the rates of the staff assessment for staff in the General Service or related categories: ICSC limited its review to the scale of staff assessment used in conjunction with gross base salaries for the Professional and higher categories of staff.

14. The Commission has recommended a revised staff assessment scale, to be effective as of 1 March 1994, which would result in a reduction of income by approximately 10 per cent in the United Nations Tax Equalization Fund. This revised scale was developed by reference to the current base/floor salary scale.

15. The scale recommended by ICSC would reduce the staff assessment income for the regular budget of the United Nations by a $41.1 million for the biennium 1994-1995 ($17.9 million in 1994 and $23.2 million in 1995). This reduction would be offset by a corresponding reduction in the expenditure section of the budget for this item.

IV. POST ADJUSTMENT ISSUES: USE OF DATA FROM EXTERNAL SOURCES

16. In the summary of financial implications contained in the annual report of the Commission, 1/ reference is made to post adjustment issues and the use of data from external sources. A recurrent annual financial implication of $85,000 is presented, in addition to an initial one-time cost of $50,000.

17. It is anticipated that this can be met from the resources contained in the programme budget proposals of ICSC for the biennium 1994-1995. Should this not be the case, the Secretary-General will revert to the issue in the context of the first performance report for 1994-1995.

V. REMUNERATION OF THE GENERAL SERVICE AND RELATED CATEGORIES: SURVEY OF BEST PREVAILING CONDITIONS OF SERVICE IN PARIS

18. The financial implications of the Commission's recommendations resulting from its survey of best prevailing conditions of service of staff in the General Service and related categories in Paris are that there will be a reduction in costs of approximately $2.6 million per annum for the organizations of the common system with staff at that location. For the United Nations regular budget, the reduction in costs is estimated to be $87,570 a year ($65,670 in 1993).

VI. SUMMARY

19. The additional costs or reductions in costs for the regular budget of the United Nations for 1994 and 1995 resulting from the decisions and recommendations of ICSC are summarized below:

Summary
(In United States dollars)

	1994	1995
I. EXPENDITURE SECTIONS		
A. Comprehensive review of the pensionable remuneration and consequent pensions of staff in the General Service and related categories	(1 369 700)	(1 430 000)
B. Remuneration of staff in the Professional and higher categories: base/floor salary scale:		
Negative post adjustment	31 000	37 300
Mobility/hardship matrix	362 100	434 500
Separation scale	74 300	89 200
Staff assessment	4 528 100	5 470 300
C. Staff assessment and the Tax Equalization Fund	(41 100 000)	(23 200 000)
D. Post adjustment issues: use of data from external sources	(87 600)	(87 600)
E. Remuneration of the General Service and related categories: survey of the best prevailing conditions at Paris	-	-
Total expenditure sections	(37 561 800)	(18 686 300)

		1994	1995
II.	INCOME SECTION 1. INCOME FROM STAFF ASSESSMENT		
B.	Remuneration of staff in the Professional and higher categories: base/floor salary scale:	4 528 100	5 470 300
C.	Staff assessment and the Tax Equalization Fund	(41 100 000)	(23 200 000)
	Total income section	(36 571 900)	(17 729 700)
III.	NET REDUCTION	(989 900)	(956 600)

20. Subject to General Assembly approval of the recommendations of ICSC, the reductions relating to expenditures for staff assessment ($54,301,600) and to income from staff assessment ($54,301,600) will be done in the context of the recosting of the proposed programme budget for the biennium 1994-1995 towards the end of the current session of the General Assembly. As regards the impact of the decisions dealing with issues other than staff assessment, they will be dealt with in the first programme performance report for the biennium 1994-1995, following past practice.

Notes

1/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 30 (A/48/30 and Corr.1).

2/ Ibid., Supplement No. 9 (A/48/9).

3/ Ibid., Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, paras. 118, 119, 316 and 453 (g).

4/ Ibid., Forty-seventh session, Supplement No. 30 (A/47/30), paras. 253-283.